

APPENDIX A

**SCORING FORMULA FOR
CEDS PROJECT APPLICATION FORMS
FY 2002**

Summary of CEDS Priority System for Ranking Projects

A. Total System - Maximum Points 200. (Each Project Ranking Criterion is explained in detail on second page following.)

1. Job Development Points: 25 maximum

EDA funds requested per job stimulated (including multiplier effects):

- | | |
|----------------------|----|
| a. \$1-\$2,500 | 10 |
| b. \$2,501-\$5,000 | 8 |
| c. \$5,001-\$7,500 | 6 |
| d. \$7,501-\$10,000 | 4 |
| e. \$10,001-\$12,500 | 2 |
| f. \$12,501 or more | 0 |

Typical wages of *direct* jobs supported by the project:

- | | |
|--|----|
| a. 250% the state minimum wage or more | 15 |
| b. 200%-249% the state minimum wage | 10 |
| c. 150%-199% the state minimum wage | 5 |
| d. 149% the state minimum wage or less | 0 |

If estimate of job stimulation is not backed up by a study or other documentation -- Deduct 5 points

If project will not be initiated within two years -- Deduct 5 points

2. Area of Influence Points: 15 maximum

- | | |
|---------------|----|
| a. Statewide | 15 |
| b. Regional | 10 |
| c. Local only | 5 |

3. Environmental Factors Points: 40 maximum

- | | |
|---|----|
| a. Project uses a technology that reduces existing consumption of natural resources and/or reduces existing waste streams in the production of a good or service. | 15 |
| b. Project results in rehabilitation of brownfield sites or reuse of certified mill buildings. | 15 |
| c. Project contributes to meeting a specific environmental objective listed in an element of the State Guide Plan. | 10 |
| d. Project results in use and/or revitalization of existing built environment or existing infrastructure other than brownfields and certified mill buildings. | 10 |

<u>4. Essential Project Studies and Permits</u>	<u>Points:</u>	25	maximum
a. All permits obtained, or confirmation obtained from regulatory agencies that no permits are required.		15	
b. Essential project studies completed.		10	
c. Applicant has applied for but not yet obtained all necessary permits.		5	
d. Applicant has initiated essential project studies.		5	
e. Applicant has not applied for permits.		0	
f. Applicant has not initiated essential project studies.		0	
<u>5. Commitment of Non-Federal Funds</u>	<u>Points:</u>	20	maximum
a. Non-federal funds committed or appropriated.		10	
b. Non-federal funds committed from private investment.		5	
c. Non-federal funds committed exceed fifty percent of project costs.		5	
d. Non-federal funds not yet available.		0	
<u>6. Labor Surplus Area</u>	<u>Points:</u>	15	maximum
Project is located in a designated labor surplus area.		15	
<u>7. Enterprise Zone</u>	<u>Points:</u>	35	maximum
a. Project is in a state-designated Enterprise Zone or Federal Enterprise Community.		15	
b. Applicant presents a plan to recruit Enterprise Zone residents for jobs resulting from the project.		10	
c. Applicant presents a transportation plan to get Enterprise Zone residents to the project worksite.		10	

<u>8. Per Capita Income</u>	<u>Points:</u>	15	maximum
a. Less than 50% the national average		15	
b. 51-60% the national average		12	
c. 61%-70% the national average		9	
d. 71%-80% the national average		6	
e. 81%-90% the national average		3	
f. 91% the national average or more		0	

<u>9. Applicant's Priority</u>	<u>Points:</u>	5	maximum
a. Priority ranking number 1		5	
b. " " " 2		4	
c. " " " 3		3	
d. " " " 4		2	
e. " " " 5		1	
f. " " " 6 or below		0	
g. No ranking		0	

<u>10. Approved Comprehensive Plan</u>	<u>Points</u>	5	maximum
a. Project is located in a city or town whose comprehensive plan has received state certification.		5	
b. Project is located in a city or town whose comprehensive plan has been submitted for state review but not yet received certification.		3	
c. Project located in a city or town that has not yet submitted a comprehensive plan for state review.		0	

B. Project Ranking Criteria (200 points maximum)

1. Job Development Costs

The eventual number of jobs resulting from the implementation of a proposal is a prime consideration in priority selection. The figures are used to determine a cost per job. The applicant should base the cost per job *only* on the Economic Development Administration's share. *Do not base this on total project cost as we requested in the past*, which would include the applicant's share and other non-federal contributions.

The jobs must be “long range” jobs, i.e., those that are expected once a facility or project begins operation; do *not* count construction jobs, which are only of a temporary nature.

In determining the number of jobs stimulated, direct, indirect, and induced employment should be considered. This is calculated by using the direct-effect employment multipliers listed in the table included in the application package, “Regional Multipliers.” These are found in the far right column of the table. The industry providing direct jobs as a result of the project would be located in the left column, and the number of direct jobs anticipated is multiplied by the employment multiplier to get total employment – direct, indirect, and induced.

An example: suppose a project is to renovate a mill building for a state-of-the-art telecommunications center. The industry providing direct, long-term jobs as a result of the project would most likely be either “business services” or “communications.” The direct-effect multiplier for employment in business services is 1.6785. If 50 jobs in the center are expected, the number of jobs stimulated by the project would be $50 \times 1.6785 = 84$ jobs in total — or, put another way, 34 jobs in addition to the original 50.

Another example: if 35 jobs are derived from another project that leads to the opening of a museum, we would consider those under “miscellaneous services.” The direct-effect multiplier for employment in this industry is 1.5828. The total number of jobs stimulated by the project would be $35 \times 1.5828 = 55$, or 20 in addition to the original 35.

There are other methods of calculating total jobs based on multipliers, such as by accounting for square feet occupied per worker in the industry being considered. However, to ensure that all applicants are using the same frame of reference, only multiplier effects calculated from the enclosed table will be accepted.

This year we will not only take into account quantity (the number of jobs) but quality (how well the direct jobs pay). The second part of the Job Development criterion takes into account the average wages in the industry directly supported by the project and how well they compare to the state minimum wage. Projects leading to direct jobs in a high-wage industry will be awarded the most points.

The state minimum wage is \$6.15 per hour (= \$12,792 per year). Please consult the table from the R.I. Department of Labor and Training, *Covered Employment and Wages – 2000, State Summary*, included with your application package, for annual average wage rates in the various Rhode Island industries (by two-digit SIC codes).

Estimates of job stimulation that are not documented in a study will be penalized by a deduction of five (5) points under this criterion. Projects not expected to be initiated within two years will also incur a five point penalty.

2. Area of Influence

This criterion is weighted to favor project proposals having the broadest geographic significance for economic development. This is designed to encourage regional and even statewide partnering among eligible applicants. Definitions of statewide vs. regional significance follow.

Definitions:

- Statewide - having potential for a more geographically universal effect throughout the entire state and not predominantly affecting only one or a few contiguous municipalities.
- Regional - having multi-community significance but with a heavy or predominant effect on a minority of municipalities in the state. May, however, have some very limited statewide significance.

3. Environmental Factors

The rating method for this criterion rewards applicants whose projects make use of innovative technologies, such as alternative energy and “closed loop” industrial parks, that use raw materials more efficiently, and that can reduce consumption of energy, water, and other natural resources as well as air and water pollution. Of equal weight under this criterion are those projects that rehabilitate brownfield sites or lead to the non-residential reuse of certified mill buildings.

Points are also awarded for revitalizing other existing industrial or commercial space and its associated infrastructure, and for addressing the environmental objectives of the State Guide Plan.

If credit is claimed under the “brownfields and mill buildings” category, it cannot also be claimed under the “built environment” category. The “built environment” category is intended to reward projects not necessarily associated with the R.I. Department of Environmental Management’s brownfields program or the Enterprise Zone Council’s certified mill building program, but that follow the same principle of reusing or better utilizing existing buildings for industrial or commercial purposes rather than developing greenfield sites.

If credit is sought for fulfilling an environmental objective in an element of the State Guide Plan, the specific element and objective/policy must be cited. Refer to the *State Guide Plan Overview* for a synopsis of the various elements of the State Guide Plan.

4. Essential Project Studies and Permits

This criterion rewards applicants who have obtained the necessary environmental permits to initiate the project, or who have confirmed from the relevant regulatory agencies that no permits are necessary for the project. In addition, this criterion awards points to those projects with applications supported by essential studies, which are taken to mean planning, engineering, or any other studies prerequisite to implementation, excluding environmental assessments. Those projects progressing reasonably toward completion of these studies and obtaining of permits are also awarded points in this category.

This system recognizes that any project having a negative environmental effect that cannot be reasonably mitigated will probably be eliminated from consideration under the State Guide Plan conformance threshold review, which is part of the CEDS process. Nevertheless, this threshold review does not constitute the in-depth regulatory review required for the granting of environmental permits.

5. Commitment of Non-Federal Funds

This criterion measures the financial commitment to the project, and is an indicator of the applicant's ability to initiate the project in a timely manner and the ability of the project to leverage additional investment.

6. Labor Surplus Area

This criterion gives priority preference to projects in those communities that have been designated as labor surplus areas by the U.S. Department of Labor for the current federal fiscal year. Designation is based upon consistently high unemployment rates and/or other specific "exceptional circumstances."

7. Enterprise Zones

In keeping with both federal and state policy to direct resources to areas designated as Enterprise Zones, this criterion gives points to those projects specifically located within an officially designated Rhode Island Enterprise Zone or Federal Enterprise Community.

This criterion will also give credit for actively recruiting residents of Enterprise Zones or Enterprise Communities regardless of where the project is located. Additional credit will be given applicants with a specific transportation plan for Enterprise Zone or Enterprise Community residents to enable them to commute easily to project sites.

8. Per Capita Income

Per capita income is a criterion the EDA uses for screening applications. For the CEDS, a range of six (6) per capita income levels is considered. These are based on the per capita income of the U.S. Census tract in which the project is located. Projects located in areas where the per capita income is 80% of the national average or less will gain the most points under this criterion. For this year's projects, be sure to use *1990 Census data* (collected in 1989) for your tract. The national average then was \$14,420, and we will use this figure as the baseline when computing your score.

9. Applicant's Priority

This criterion carries a potential for five (5) bonus points and allows local discretion and expertise to be incorporated in the statewide priority ranking system by favoring proposals of highest local priority as assigned by each submitting municipality or other sponsor. All sponsors are requested to rank their individual submittals in priority order.

10. Approved Comprehensive Plan

This criterion rewards cities and towns whose comprehensive plans (and, if applicable, updated comprehensive plans) have received approval from the Director of the R.I. Department of Administration with the highest number of points.